

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 234032

41

ORIGIN IO-03

INFO OCT-01 ISO-00 /004 R

66614

DRAFTED BY: IO/AGR:DMDAUGHERTY

APPROVED BY: IO/SA:RREIS

----- 083832

R 012152Z OCT 75

FM SECSTATE WASHDC

INFO AMEMBASSY ROME 0000

LIMITED OFFICIAL USE STATE 234032

FODAG

FOLLOWING REPEAT LONDON 15027 ACTION SECSTATE INFO  
MTN GENEVA EC BRUSSELS MOSCOW TOKYO CANBERRA OTTAWA  
NEW DELHI CAIRO BRASILIA DTD 29 SEP

QTE

LIMITED OFFICIAL USE LONDON 15027

MOSCOW FOR UNDER SECRETARY ROBINSOM  
DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: IWC PREP GROUP: -THIRD SESSION SEPT 29

REF: STATE 223609

1. SUMMARY: SEPT 29 MEETING WAS DEVOTED ENTIRELY TO  
MINUTE EXAMINATION OF US GRAIN RESERVES PROPOSAL, DURING  
WHICH ALL MAJOR POTENTIAL PARTICIPANTS FOUND OPPORTUNITY  
TO VENT THEIR SPECIAL CONCERNS. CANADA, AUSTRALIA, EC,  
JAPAN, INDIA AND EGYPT WERE ACTIVE PARTICIPANTS. USSR  
WAS PRESENT BUT SAID NOTHING AFTER OPENING REMARK WELCOM-  
ING EXPOSITION OF US THINKING. SWEDEN AND ARGENTINA  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 234032

PLAYED ACTIVE PART, WHILE BRAZIL ALONE AMONG KEY IWC

MEMBERS WAS NOT REPRESENTED. US REPLIES DURING INTENSIVE BUT FRIENDLY, INTERROGATION REFLECTED PAST TEN MONTHS OF INTER-AGENCY ANALYSIS AND EMPHASIZED NEGOTIABILITY OF DETAILS OF PROPOSAL. MEETING CONTINUES SEPT 30 TO CONSIDER INDIAN AND SECRETARIAT PAPERS ON ASPECTS OF RESERVES ISSUE AND TO PLAN NEXT STEPS. END SUMMARY.

2. MORNING MEETING OPENED WITH US GRAIN RESERVES PROPOSAL AS FIRST SUBSTANTIVE ITEM. USDA'S BELL EXPRESSED APPRECIATION FOR CONVENING OF THIRD PREP GROUP SESSION AND NOTED THAT NEARLY ONE YEAR HAD PASSED SINCE WORLD FOOD CONFERENCE ASSIGNED HIGH PRIORITY TO DEVELOPMENT OF FOOD SECURITY SCHEME BUT THAT SUCH SCHEME HAD NOT YET REACHED CONCLUSIVE STAGE. STATE'S H KATZ INTRODUCED PROPOSAL BY SUMMARIZING, IN PREPARED STATEMENT, US PAPER CIRCULATED BY IWC SECRETARIAT. CROSS SECTION OF MAJOR PARTICIPANTS THEN MADE POINTS REFLECTING THEIR NATIONAL PRIORITIES.

3. AUSTRALIA, INDIRECTLY, AND CANADA, DIRECTLY, SAID THAT PRICE SHOULD BE TAKEN INTO ACCOUNT IN TRIGGER FOR RELEASE AND ACQUISITION OF RESERVES, ARGUING THAT PRICE STABILITY IS ALSO AN ASPECT OF FOOD SECURITY. BOTH WERE CONCERNED ABOUT POSSIBLE PRICE DEPRESSING EFFECTS OF: A) LARGE RESERVES, AND B) SUSTAINED FULL PRODUCTION. AUSTRALIA ALSO NOTED CONTRAST BETWEEN US PROPOSAL FOR WHAT COULD BE DISTINCT AGREEMENT ON RESERVES AND PREVIOUS EMPHASIS OF PREP GROUP ON RESERVES AS ONE ELEMENT IN NEW WHEAT AGREEMENT.

4. EC REP (JACQUOT) WELCOMED US PROPOSAL, ALLUDING TO ITS LENGTHY GESTATION, NOTED VIEW EC EXPRESSED AT FIRST PREP GROUP SESSION THAT FOCUS ONLY ON ASSURANCE OF SUPPLY WAS TOO NARROW BECAUSE IT OMITTED PRICE CONSIDERATIONS, AND SUGGESTED PARA BY PARA EXAMINATION OF US PAPER.

5. JAPAN RAISED HOST OF TECHNICAL QUESTIONS OUT OF WHICH EMERGED ITS TRADITIONAL CONCERN FOR ASSURANCE OF SUPPLY AND PRICE STABILITY AND ITS UNEASE AT CONTINUING US REFERENCES TO ASSISTING LDCS TO MEET RESERVE OBLIGATED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 234032

TIONS.

6. USSR WELCOMED US PAPER AS CONCRETE EXPRESSION OF ITS THINKING BUT NOTED THAT PAPER HAD BEEN RECEIVED ONLY ONE WEEK BEFORE MEETING AND REQUIRED FURTHER STUDY BY SOVIET AUTHORITIES.

7. EGYPT AND INDIA STRESSED NEED FOR SPECIAL ASSISTANCE

TO LDCS (INDIA HAS ALSO TABLED PAPER ON TWO-TIER PRICING TO BE DISCUSSED TOMORROW), ARGUED FOR PRICE GUARANTEES TO IMPORTERS, AND ASKED ABOUT CONTENT OF PREFERENCES TO BE ENJOYED BY RESERVE PARTICIPANTS. EGYPTIAN REP FIRST ALLUDED TO NEED TO INCLUDE COARSE GRAINS IN RESERVE, BECAUSE OF THEIR FOOD USE IN SOME LDCS, BUT LATER RETURNED TO INSISTING ON WHEAT ONLY RESERVE. INDIA FAVORED BROAD COMMODITY COMPOSITION.

8. IN RESPONSE, US NOTED THAT DETAILS OF KEY ELEMENTS OF RESERVES SYSTEM ARE ALL SUBJECT TO NEGOTIATION, INCLUDING SIZE AND COMPOSITION OF RESERVES AND WORKING OF TRIGGER MECHANISM. PAPER'S EMPHASIS ON OPERATION OF SYSTEM IN SHORT SUPPLY CONDITIONS WAS DEFENDED IN TERMS OF THIS BEING PROBLEM RESERVES ARE DESIGNED TO AMELIORATE BUT US ALSO NOTED SIMILAR RULES WOULD GOVERN BOTH ACQUISITION AND RELEASE OF STOCKS. WITH REGARD TO TRIGGER MECHANISM, US SAID IT IS NOT WEDDED TO EXCLUSIVE PRODUCTION INDEX CONCEPT AND RECOGNIZES POSSIBLE ADVANTAGES TO INCLUDING STOCKS AS TRIGGER ELEMENT, SINCE STOCK LEVELS WOULD INTRODUCE CONSUMPTION ASPECT.

9. LENGTHY AFTERNOON MEETING WAS ABSORBED WITH FRIENDLY (AND SEEMINGLY SINCERE) QUESTIONING OF US ABOUT DETAILS OF ITS PROPOSAL IN PARA BY PARA EXAMINATION OF US PAPER. MOST ATTENTION GIVEN TO ISSUES OF DEFINING STOCKS (I.E. ACCOUNTING FOR RESERVES AS DISTINCT FROM WORKING STOCKS), RESPONSIVENESS OF US PROPOSED QUANTITATIVE TRIGGER TO PAST AND HYPOTHETICAL FUTURE SUPPLY SITUATIONS, BASIS FOR US CALCULATION OF SIZE OF RESERVE, INCIDENCE OF BURDEN SHARING CRITERIA FOR VARIOUS PARTICIPANTS, MECHANICS OF ADMINISTERING SYSTEM AND ITS RELATIONSHIP TO INTERNATIONAL WHEAT COUNCIL. IN RESPONDING, BELL AND KATZ DREW ON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 234032

ANALYSIS AND CONCLUSIONS DEVELOPED IN INTERAGENCY HDELIBERATIONS AND EMPHASIZED NEGOTIABILITY OF DETAILS OF AGREEMENT.

10. BY CONCLUSION OF MEETING IMPRESSION WAS THAT SUBSTANTIAL PROGRESS HAD BEEN MADE. SEVERAL DELEGATIONS EXPRESSED VIEW THAT US DELEGATION HAD COME THROUGH QUESTIONING IN GOOD FASHION. IT WAS STILL UNCLEAR HOWEVER AT WHAT PACE OTHER GOVERNMENTS PREPARED TO WORK. TIMING OF FURTHER CONSIDERATION AND NEGOTIATION WILL BE DISCUSSED TOMORROW.

DECONTROL 9/29/77

RICHARDSON UNQTE INGERSOLL

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETINGS, PROPOSALS (BID), GRAINS, STOCKPILES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** SmithRJ  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE234032  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** IO/AGR:DMDAUGHERTY  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750341-1149  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751095/aaaadgtd.tel  
**Line Count:** 167  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN IO  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 223609  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** SmithRJ  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 APR 2003 by KelleyW0>; APPROVED <25 SEP 2003 by SmithRJ>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IWC PREP GROUP: -THIRD SESSION SEPT 29  
**TAGS:** EAGR, EPAP, UK, US  
**To:** ROME  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006